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A College Student Looks At The N. A. M.'s 59th Congress of American Industry

By DEWEY TURNER*

On December 1, 1954, the National Association of Manufacturers opened its 59th Congress of American Industry in the Grand Ballroom of the Waldorf-Astoria Hotel in New York. More than 3,000 students, religious leaders, educators, and industrialists met for three days to listen and discuss the current trends in manufacturing and economics.

Approximately 18 major speeches were made during the 59th Congress. Topics ranged from **OUR SIRTUAL ASSETS** by O. Frederick Nelde to **OUR FOREIGN ECONOMIC POLICY** by Clarence B. Randall. Throughout the conference certain words and phrases kept reappearing. The score was something like the following:¹

Guaranteed annual wage	2 speeches
Automation	3 speeches
Industrial use of atomic energy	5 speeches
Need for more and better education	10 speeches
Taxation	5 speeches
Better employee understanding	9 speeches
More Community Cooperation	4 speeches

GUARANTEED ANNUAL WAGE

Earl Bunting, the N.A.M.'s Managing Director, in the first session of the meeting, made the following statement: "Our job is to keep him (the worker) productive—on the payroll—and off the rolls of compensation for the unemployed."

Although no one disagreed with this statement, there were comments to the effect that the guaranteed annual wage was not the best way to keep the workers off the unemployment roll.

**Dewey Turner is a senior attending the Atlanta Division of the University of Georgia. He was selected as one of the Division's outstanding students to attend the National Association of Manufacturers' Annual Congress of American Industry, which was held this past December in New York. The following article is a summary of the notes that Mr. Turner took while attending this meeting.*

¹ Some of the conference speeches dealt with more than one of the topics.—Editor.

G. E. Morse, Vice President of the Minneapolis-Honeywell Regulator Company, said that the union drive for this measure seemed more concerned with the supplementing of unemployment benefits rather than in stabilizing employment. He went on to say, "Reliable studies of the problem all point out that any guarantee of employment or pay that reduces the flexibility, stability, or financial strength of a company, jeopardizes the very result the plan is seeking to attain."

Mr. Morse stated that such a plan would reduce incentive, employment mobility, employment opportunity, and would increase costs and prices. At the same time, he admitted that industry needed to do a better job of employment stabilizing and improving production and thereby bring about greater job security.

More direct means of stabilizing employment were suggested. Relaxing seniority provisions, having a flexible system of transfer to avoid lay-off, changing work rules to permit less disruptive or uneconomic introduction of improved technology, and deferred or advance compensation were offered as possible solutions by one speaker.

Clarence B. Randall made one observation, not in connection with the guaranteed annual wage, but one that might very well accomplish job stability more readily and in a more direct manner. He spoke in favor of President Eisenhower's plan for a gradual, evolutionary, and selective reduction of trade barriers imposed by American tariffs. It was his opinion that tariff reductions and private investments in underdeveloped areas of the world would cause a vast increase in foreign markets for U. S. goods.

AUTOMATION

Ralph Cordiner, President of General Electric, expressed the feeling that the automatic factory or

automation is a great opportunity and the leading challenge of the day for industry. Instead of feeling that automation would displace employees, he said, "One of the great opportunities of automation is to make more industrial jobs worthy of human judgment and skills. Another is to make products of a quality finer than ever before. A third is to reduce the high cost of investments in idle machinery and in slow moving inventory."

General Electric is interested in the subject because, according to Mr. Cordiner, the available work force will increase only 11 percent by 1964, but in the same period of time the increased demand of the American consumers will make it possible for G. E. to double its production.

John Diebold, Editor of *Automatic Control*, spoke of the savings in time and labor in "Detroit Automation," but he emphasized that there were also savings in process inventory, savings through fewer injuries, and there was less loss of working time *per se*. Though automation is considered to be a big factory tool at the time, opinion seemed to be that new design techniques would make the system more versatile in the near future.

Although atomic energy and automation were not spoken of at the same time at the convention, both subjects were dealt with thoroughly, and it appears that industry is optimistically looking forward to a golden age with these two innovations.

ATOMIC ENERGY

"America is many things . . . America is the pounding surf on New England rocks—the play of shadow and light on green meadows." With these words, Kenneth R. Miller opened his keynote address to the 59th Congress. His address was followed by a few bars of "America the Beautiful," and then a sound reproduction of an atomic explosion. This sound reproduction set a theme which was echoed over and over throughout the conference. In at least five speeches atomic power was referred to or discussed as a revolutionary development for industry.

John Jay Hopkins, President of the Dynamics Corporation, proposed an "Atomic Marshall Plan" or "Operation Bootstrap." He said, "I propose that there be initiated now a 100 year program for the financing, construction, and implantation of atomic reactors in the power-short, food-short, water-short, life-short areas of the world by American private enterprise and the American government working together with friendly national governments and their own private enterprise groups."

Mr. Hopkins expressed the belief that a program of this sort would pay great dividends. He spoke of the \$26,298,400,000 spent through the Foreign Operations Administration between 1948-1954 and suggested the possibility that the sending of "seed" reactors to these needy areas would be of more lasting value. "But then we had only dollars. Now

we have atoms," he said.

Mr. Hopkins gave four steps of progress for under-privileged areas in the utilization of atomic energy. These steps are marked by the size and efficiency of atomic reactors:

- I. The atomic research reactor.
- II. The portable atomic power reactor.
- III. Large stationary power reactor.
- IV. The large scale breeder reactor.

"Operation Bootstrap" gets its name from the fact that once "seed" reactors are placed in foreign countries, these countries will be in a better position to improve their own economic position.

Some speakers expressed the thought that those nations poorest in raw material and resources might very well become the industrial equals and unfriendly competitors of the United States with the use of atomic reactors donated by Soviet Russia.

General Electric's President Cordiner said that if private industry is permitted to proceed in the development of atomic power, it is industry's optimistic estimate that by 1976, 50 percent of all new electric power equipment will be atomic.

Dr. John Dunning, Dean of Columbia University's School of Engineering, stated that it is utterly impossible for our present energy sources to meet our requirements 50 years from now. "We must," he

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said, "turn to the utilization of atomic energy for our ever-increasing power needs."

NEED FOR IMPROVED EDUCATION

In at least ten speeches, reference was made to some form of education. The industrialists were urged to serve on school boards, have educators and students visit plants, and contribute money for scholarships whenever possible.

General Electric, according to its president, needs more men with managerial ability, more specialists, more technicians, and better educated employees at every level. To help improve the educational situation, G. E. has a new dollar-matching program in which the company matches any employee contribution up to \$1,000 to the employee's alma mater.

It was pointed out in one speech that our U. S. engineering graduates decreased from 50,000 in 1950 to 20,000 in 1954. In the same period Russia had an increase from 28,000 to 54,000.

According to a study by Claude Robinson, company methods of education have improved greatly in the past few years. His study of companies with assets of over \$5,000,000 showed that 79 percent have employee publications, 88 percent report profit to employees, 73 percent send informative letters to employees, 95 percent hold meetings for supervisors, 58 percent hold meetings for rank and file, and 38 percent have booklet racks. Robinson's 1954 study showed that of all plants with over \$5,000,000 assets, 86 percent held educational plant tours and 78 percent used motion pictures for community distribution.

Kaars Sypesteijn of The Netherlands spoke on **THE NEW LOOK IN EUROPE**, which "new look" was brought about by an international education exchange sponsored by the N.A.M. and Armstrong Cork Company. Five workers from Mr. Sypesteijn's company in The Netherlands were sent to the U.S. for three months to study the American way of life. These men returned with their story which they had learned from living and working with employees of the Armstrong Company.

TAXATION

Fred Maytag II, Director and Chairman of the N.A.M.'s Taxation Committee, covered taxation very thoroughly.

It was Mr. Maytag's opinion that our present tax structure destroys ambition, penalizes success, discourages investments to create new jobs, and might turn our nation from risk-taking entrepreneurs into a nation of financiers who place security above opportunity.

The high rate of taxation, said Fred Maytag, produces so little revenue that the entire progressive structure could be eliminated for about the same cost as raising exemptions \$200.

The taxation committee revealed that it faced two problems in investigating the tax system. The

first was the feeling that since the federal budget is now \$14 billion below the last Truman budget, expenditure reductions will not come easily in the future. The second was that programming for relief from high rates on a yearly basis has proved a futile procedure.

With these thoughts in mind the committee was led to conclude that tax reductions might be brought about by utilizing a larger tax base resulting from the growth in the economy. The plan suggested reductions extended over a period of years until moderate rate levels were reached.

To reduce taxes to a maximum rate of 35 percent Fred Maytag said, "We, therefore, propose the making of five annual reductions of sixteen percent each with reduction being computed on the original element rather than on the declining balance—to bring the top rate down to thirty-five percent at the end of the period. The eminent fairness of this approach is obvious. All income taxpayers would receive the same percentage reduction of their tax burdens which results from progression."

The plan would call for a 17 percent cut from the present corporate rate of 52 percent. The first cut of 5 percent would go into effect April, 1955. The next four consecutive years would call for a 3 percent cut annually.

BETTER EMPLOYEE UNDERSTANDING

At least nine different speakers referred to, and suggested that managers make efforts to increase, employee understanding of company operations and the economy as a whole.

"Many employees will obtain their first breath of real encouragement," said Earl Brunting, "from the understanding which they acquire by obtaining reliable economic information from their employers." He went on to say that employees are always getting information about their employer and the

The statistical data which usually appears in the ATLANTA ECONOMIC REVIEW has been omitted from this issue because of a change in policy. The policy has been to publish the statistical data for any particular month in the following month's issue of the REVIEW. Since the data is often more than a month in becoming available, the REVIEW is published a month late. The policy after this issue will be to publish the statistical data for any month in the REVIEW which is published two months later. This will make possible, for example, the publication of the February REVIEW in early February rather than early March, but the February issue will now carry the statistical data for December rather than January. The statistical data for December would not come to the reader any later, however, since it would not be available until February any way.

economy and so employers should take steps to insure that employees get reliable information.

In 1946 a Claude Robinson study showed that 20 percent of industrial labor was hostile to management and 18 percent favored government ownership of all business. To combat this situation, the advertising industry organized the Joint Committee to employ advertising techniques to help construct a better employee understanding of our economic system and relationship with management.

A survey showed that only a handful of business leaders had any kind of employee educational program. The Joint Committee, in order to overcome this situation, immediately utilized slide films, books, and other materials and helped in the establishment of plant programs.

Reuben B. Robertson, Jr., President of Champion Paper and Fibre Company, said, "A continuous communication program is invaluable in the operation of any business."

As mentioned earlier, an increasing number of the large plants now use some method of getting company information to employees. Some organizations use letters, special meetings, and trade papers or house organs of some kind.

Many companies go so far as to make available to workers a complete and readable profit and loss statement.

One of the nation's largest manufacturing concerns is attempting to improve company understanding by employees and give them a stronger feeling of being part of the company by instituting a new shareholder plan. Under the program 20,000 employees became stockholders in the last six months, 40,000 will join the plan next year, and in four years 60 percent of the workers are expected to own shares of stock in the company.

One speaker made the point that counter measures should be taken against the monotony of certain kinds of factory work. He said the individual worker should be given a greater sense of accomplishment and a feeling of personal worth. The individual employee wants not only fair pay and reasonable security, but equitable dealing, respect, and a feeling of accomplishment.

Industrialists were also urged to improve employee relations by "growing" executives rather than hiring them.

COMMUNITY COOPERATION

One attending the Congress could not avoid getting the impression that industry is keenly aware of its need to become more "human" and take a more active part in community life. There was a time when industry flaunted a rather smug independence, but in these brand and trade-mark conscious times a new and more kindly philosophy prevails.

Persons attending the meetings were told that although manufacturers' first major responsibility was to employees, the second, to the community

in which the company is located. They were hence asked to sponsor community programs.

Manufacturers were also asked to take part in accepted national movements connected with the welfare of the nation and the people. Such organizations as the V.F.W., the Christophers, the American Legion, and the Boy Scouts were mentioned as groups which were worthy of support from business leaders. These groups were considered to be helping to build confidence in America's future.

One industrialist applied the words "corporate citizenship" to a company which takes a genuine interest in creating better community understanding. He explained that to dispel the feeling in a community that a plant is a cold, remote, smoke-stack building and nothing more, many concerns open their doors periodically and invite neighbors to come in on inspection tours. Also to help create a healthier atmosphere, company employees were urged to participate in all types of local programs such as community chest drives, safety councils, and school activities such as parent-teacher associations.

Before any company can be a good corporate citizen, Reuben Robertson, Jr., declared, it must have five basic qualifications:

- I. The corporation must be a profitable one.
- II. It must have a good organization.
- III. It must have good internal relations.
- IV. It must establish and maintain good external relations with the community.
- V. It must have a reputation for sincerity.

CONCLUSION

As a student delegate to the Congress, I attended with certain pre-conceived ideas about the convention. As is customarily the case with "learners," I was to discover that many of my ideas were erroneous.

I was certain that I would receive "hourly" injections of N.A.M. propaganda. I was surprised to discover otherwise. I found instead a group of sincere teachers, clergymen, and industrialists who were apparently seeking mature solutions to national economic problems and who were exchanging certain experiences in order to add to understanding.

Certainly selfish reasons were part of the motives, but selfish reasons do not necessarily produce immoral or unethical results. These industrialists were attempting to improve their chance of survival and profit, and our standard of living and way of life is contingent upon their ability to realize these aims.

The writer did not agree with everything that was said or proposed, but neither did the industrialists.

The 59th Congress of American Industry was concluded with a banquet in the Grand Ballroom of the Waldorf-Astoria. The writer could hardly understand the fancy menu, but the food was good. It should have been—at \$18.00 per plate!

Summary of The Workmen's Compensation Law in Georgia

by
Kenneth Black, Jr., PhD.
and
Paul T. O'Connor, LLB*

During the 1955 session of the Georgia Legislature, a bill was passed amending the Georgia Workmen's Compensation law. The basic purpose of Workmen's Compensation is to provide fixed benefits without regard to negligence in the event an employee is injured in the course of his employment. Since the law affects a majority of those persons employed in the state of Georgia, an understanding on the part of those concerned of the general provisions of the law is important. This summary was prepared in the hope that it will provide a broader understanding of the basic operation of the Workmen's Compensation law in the state of Georgia. It would appear that employees, employers, educators, and the general public should all find this summary helpful.

A. COVERAGE

The provisions of the Law apply to the following:

1. The State of Georgia (Sec. 114-101)
 - a. Public Employment
Compulsory for all State and municipal corporations and at their option other political subdivisions (Sec. 114-101)
 - b. Private Employment
Elective as to all employers of ten or more employees (Sec. 114-101, 114-107, 114-201)

B. EXCLUSIONS

The Law excludes the following:

1. Employers of farm laborers or domestic servants (Sec. 114-107)
2. Employees of public charitable institutions (Sec. 114-107)
3. Employees of common carriers engaged in intra-state commerce whose motive power is steam; and railroads engaged in interstate commerce (114-107, 114-108)
4. Employees whose employment is casual (Sec. 114-107)

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5. Employers who regularly have less than 10 employees in the same business in the state. Such employers and employees may voluntarily elect to be bound by the compensation law (Sec. 114-107)

C. ELECTIVE COMPENSATION

The employer or the employee may elect not to be bound by the provisions of the workmen's compensation law. The various situations that may arise and the obligations and duties of the parties are as follows:

1. Both employer and employee may accept the provisions of the compensation law. Election is presumed in the absence of written notice to the contrary filed with the Board (Sec. 114-201)
Under the law compensation is payable for personal injuries or for the death of the employee by accident arising out of and in the course of his employment and within the purview of the Act, without regard to the negligence of the employer, according to a schedule of benefits provided in the law (Sec. 114-102, 114-4 as amended)
Injuries are not compensable if caused by third persons for reasons personal to such employee, (Sec. 114-102) or if due to willful misconduct, intent to injure self or another, intoxication, or willful failure to use a safety appliance or observe regulations, or failure to perform a duty required by statute (The burden of proof is placed on the employer) (Sec. 114-105)
2. Either the employer or the employee may give notice of his election not to be bound by the provisions of the compensation law. (Sec. 114-201, 114-202, 114-203)
 - a. Notice of Election
Such election must be made prior to accident and notice must be given as follows: The employer must file a written notice with the Board and give personal notice to each employee or post a notice (form stipulated by law) in his establishment. The employee must

give a written notice to the employer and file a copy of such notice with the Board. (Sec. 114-201)

b. Election out by Employer

An employer who elects not to come under the compensation law loses the right to interpose the common law defenses; i.e., Assumption of Risk, Negligence of Fellow Employees, and Contributory Negligence (Sec. 114-204)

c. Election out by Employee

If an employer accepts the compensation law and the employee elects out, then the employer may use the defenses indicated above, as such defenses exist at common law (Sec. 114-205)

d. Election out by Employer and Employee

If both the employee and the employer elect not to come under the compensation law, the employer loses his common law defenses as if the employee had not elected out (Sec. 114-206)

D. INSURANCE

1. Every covered employer is required to insure his liability under the law:
 - a. With an insurance carrier licensed to transact the business of workmen's compensation in the state.
 - b. Through self-insurance by furnishing the Board with proof of financial responsibility, with deposit of bond or other security as requested by the Board. (Sec. 114-602)
2. If an employer fails, neglects or refuses to insure, he is guilty of a misdemeanor (Sec. 114-9901). In such cases the State Board of Workmen's Compensation may increase the compensation benefits to be paid by the employer by 10 percent plus a reasonable attorney's fee for the representative of the employee (Sec. 114-603)

E. SCHEDULE OF COMPENSATION

1. Medical and Hospital Services
The employer is liable for reasonable medical, surgical, and hospital treatment for not more than 10 weeks subject to a maximum of \$1,125, further treatment not to exceed \$375 is permitted within the discretion of the State Board of Workmen's Compensation if it will tend to lessen the period of disability. If an employee refuses to accept treatment compensation will not be paid (Sec. 114-501 as amended)
2. Disability Income
 - a. Waiting Period
No compensation is allowed for first seven

days of incapacity, including the day of injury (Sec. 114-401)

b. Temporary Total Disability

Compensation equal to 60 percent of the average weekly wages received at the time of the injury, subject to a maximum of \$30 per week and a minimum of \$10 per week, is payable during the continuance of temporary total disability up to a limit of 400 weeks or \$10,000 (Sec. 114-404 as amended)

c. Permanent Total Disability

Compensation is the same as (b) above (Sec. 114-404 as amended)

d. Temporary Partial Disability

Compensation equal to 60 percent of average weekly wage loss during incapacity subject to a maximum of \$20 is payable for not over 350 weeks, the total amount not to exceed \$6,000 (Sec. 114-405 as amended)

e. Permanent Partial Disability

After allowance of not more than 10 weeks for total disability if any, specified injuries will entitle an employee to 60 percent of his weekly wage (maximum \$30, minimum \$10), or full wages if less than \$10 for fixed period as per schedule in law (e.g. thumb, 60 weeks; hand, 150 weeks; foot, 125 weeks; leg, 225 weeks; arms, 200 weeks) (Sec. 114-404, 114-406)

f. Death

Dependents of the deceased employee are entitled to reasonable expenses of last sickness, burial expenses not to exceed \$350, and 85 percent of average weekly wage for up to 400 weeks from date of injury during continuance of full dependency or a maximum of \$10,000 (Sec. 114-413 as amended)

In the event the employee leaves dependents who are only partially dependent on his earnings at the time of his injury, the benefits will bear the same proportion to full dependency benefits which the average amount contributed weekly by the deceased bore to his weekly wages at the time of the injury (Sec. 114-414)

A dependent is defined as a wife, a husband, a child under age 18 not married, or a child over age 18 who is physically or mentally incapacitated (Sec. 114-414)

In those cases there are not dependents reasonable expenses of last illness, and burial expenses not to exceed \$350 is the only benefit available (Sec. 114-413 as amended)

F. OCCUPATIONAL DISEASES

1. Diseases Covered

The Georgia workmen's compensation law im-

poses liability on employers for disability and death due to occupational diseases only in the case of 22 scheduled diseases specified in the law (Sec. 114-803)

2. Benefits Provided

If death or disability arises out of a scheduled disease, the disablement or death is treated as the happening of an injury by accident, and compensation is payable according to the benefits provided for accidental injuries and deaths. (Sec. 114-801)

3. Limitations as to Coverage

To be covered the disablement or death must occur within one year (three years in the case of silicosis or asbestosis) after the last injurious exposure to the hazard in such employment. In the event death occurs within seven years after the last exposure and follows continuous disablement which commenced within the above time limits, compensation will be payable (Sec. 114-801)

4. Employer Responsibility

The date of last exposure is taken as the date of injury for purposes of the law, and the employer in whose employment the last injurious exposure took place, is held solely liable for any compensation benefits payable. (Sec. 114-809)

G. ADMINISTRATION

1. Administrative Responsibility

The State Board of Workmen's Compensation is responsible for the administration of the Workmen's Compensation Law (Sec. 114-701 thru 114-708)

2. Claim Procedures

- a. The employer must be given notice within 30 days of the date of occurrence of an accident for which compensation is desired. Notice is barred after 30 days unless a reasonable excuse can be offered and the employer will not be prejudiced by such delay (Sec. 114-303)
- b. A claim for compensation must be filed within one year after injury or death (Sec. 114-305)
- c. Terms of compensation may be fixed by (1) agreement if after 14 days from the date of injury, or at any time in case of death subject to approval of the Board; or (2) by the Board in the event of a dispute after a hearing upon application of either the employer or employee (Sec. 114-705 thru 114-711)

- d. Award of the Board is conclusive as to questions of fact; but within thirty days after final award or decision either party may appeal to the Superior Court on the grounds of improper interpretation of law, fraud, etc. Further appeal lies to the Court of Appeals (Sec. 114-710)

Reprints of this summary of the Workmen's Compensation Law are available from the Division of Research of the Atlanta Division of the University of Georgia.

The Regulation of Businessmen: Social Conditions of Government Economic Control

By ROBERT E. LANE,

Yale University Press, New Haven, Connecticut, 1954

Professor Robert E. Lane, a member of the Political Science Department, Yale University, has written a book which businessmen will find thought-provoking and perhaps also provocative of debate. The book is an analysis of the impact of government regulation upon the psychology and social position of businessmen. Mr. Lane develops the thesis that there are important "psychic costs" to business enterprisers which result from government regulation. An understanding of these costs is necessary to see fully why business is frustrated and angered by government intervention into the economy. Increased money costs of operation due to regulation are part of the reasons for business antagonisms against regulation. Yet, Mr. Lane notes that social and psychological factors sharpen the conflict between business and government.

Some of these "psychic costs" to businessmen are: damage to cherished elements of the belief system which gives purpose to the life of business; infringement on the roles and "self-images" which give businessmen prestige and status in society; loss of power in conflicts with opposing groups; less freedom to manage one's own affairs; and, a sense of uncertainty and insecurity concerning the future brought about by government intervention into the economic order.

Mr. Lane has confined his analysis to the practically economy-wide regulation of labor relations, trade practices, wages, and hours of commercial concerns. The thorough-going supervision of transportation or public utility companies constitutes a special area which the author has not brought into his study. The impact of taxation upon the business scene, likewise, is not discussed.

Of course the ideas developed in the book are not new. In fact, they are almost commonplace. The principal virtue of the analysis is that it presents evidence substantiating the position that social and

psychological factors are significant in business-government relations. Also, a description is given of methods by which the extent and timing of business opposition to regulation can be gauged. Mr. Lane maintains that an awareness of the nature and extent of these conflicts may be the first step in reducing some of these costs of regulation. Extensive interviews with businessmen, content analysis of a typical business publication and study of business journals and congressional hearings form the main sources of data for his book.

After developing the idea that business antagonisms to regulation rest largely in loss of status and in the questioning of the businessman's "free enterprise" ideology, Mr. Lane asks what can be done to reduce this costly conflict. He suggests that regulators by careful evaluation of business periodicals may have better understanding of business thinking. Second, epithets such as "economic royalists" and "vested interests," which are sometimes used in reform administrations, serve to alarm businessmen. Belligerency to regulation, consequently, may be lessened if government officials show modest respect for the beliefs of the business community.

Government administrators could also defend government action by noting how it actually may strengthen individualism and private enterprise.

Mr. Lane also discusses the possible use of business advisory committees to reduce the damage to business ego when regulation threatens. This procedure had limited success during World War II. Another part of Lane's analysis points to a re-thinking about the nature of the American economy. Businessmen who realize that the economic order need not necessarily fit the stereotype of 19th-century capitalism for all to be "right with the world" may be less agitated by a changing institutional pattern. Growing familiarity with the concept of welfare capitalism, with its blend of private and public action, may dampen excessive alarm concerning regulation. This contention probably is correct, for supervision of trade practices, government assurance of a relatively stable economy, and social security measures today are generally regarded as part of the "American Way."

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